

## **Environmental, Social and Governance (ESG) Policy**

At Imara Asset Management (IAM) our investment philosophy and process is uniquely long-term focused, in a competitive environment so obsessed with the short-term. Whilst we recognise that priority must typically be given to the highest possible financial return on investment, we believe that value creation is influenced by more than financial capital alone, especially longer term. Consequently, we seek to consider other factors that might contribute to the creation of sustainable long-term investment returns over time, including factors of an environmental, social and governance character.

## **Our Investment Approach**

There are various approaches to Responsible Investment which include:

1. ESG Screening of the Investment Universe i.e. excluding morally “bad” companies e.g. arms manufacturers;
2. Themed Investing which targets certain sectors such as environmental technologies (e.g., renewable energy companies) and community development; and
3. Analysis within Individual Investment Decisions.

Analyzing ESG risk remains highly subjective and there will always be exceptions to the rule. Many ESG issues can be contentious or opinionated without necessarily adding anything to our ESG responsibilities. Therefore, evaluating each company individually and looking at specific issues in question is our chosen approach (Option 3 above) as it fits with our investment process. In effect, we look at each company to identify the ESG issues that are important to that company.

## **Our Sphere of Influence**

Some aspects of ESG are outside our sphere of influence. If “sustainability” is a key objective of multilateral organizations such as the UN, then economic reform (or change to Governance) is the single most important factor that investors and global bodies should be focused on in our view. It is not hard to think of desperate examples of poor governance in Africa and we think that any positive reform or change would have a positive impact on the quality of life. As investors, we actively look for positive economic or institutional change especially when the rule of law over property rights is strengthened. Strong property rights encourage investment and jobs, with subsequent higher employment taxes available to fund health care and other essential services. Improving the rule of law is a long journey but the more global institutions can encourage governments to manage their affairs better, the more sustainable the world will become and the higher the quality of life for its poorest occupants.

## **Integration of ESG Factors into Our Process**

Underlying our investment approach are three fundamental objectives:

- To enhance and protect shareholder value as well as minority shareholder rights;
- To respect the wishes of our clients’ Statement of Investment Principles; and
- To identify potentially material ESG risks.

To achieve these objectives, we may undertake qualitative assessments of the ESG weaknesses of companies so as to understand their risks, if left unchecked. This may lead to active engagement with management and, where necessary, escalation to their governing bodies. Furthermore, we recognize that the right to vote proxies is a significant asset of our clients and we endeavour to exert influence as a shareholder to achieve constructive outcomes on behalf of our clients.

Our objective at Imara Asset Management is to still outperform our benchmarks and to not give up anything from a yield perspective, but by looking for socially responsible companies “doing the right thing” we should at least be lowering our risk and probably enhancing returns.

## **Imara Group**

The Imara Group has incorporated responsible investment principles into its Code of Ethics and Conduct. It seeks to raise awareness of ESG considerations throughout the organisation (e.g. through training, interactive discussions) and endeavours to keep informed of developments and new initiatives in this rapidly evolving landscape. Imara Holdings Limited (IHL) became a signatory to the UN Principles of Responsible Investment (PRI) in 2013. As part of this commitment, IHL completes the annual UN PRI survey, in which it provides detailed information on all aspects of its ESG integration and investment practices. The Group transparency reports are available on the UN PRI’s website.